

Message Text

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PAGE 01 ROME 04738 01 OF 02 231300Z

ACTION IO-13

INFO OCT-01 AGRE-00 USIA-06 AID-05 EB-08 EUR-12 COME-00

ISO-00 TRSE-00 AF-08 ARA-06 EA-07 NEA-10 L-03

H-01 CIAE-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04

FRB-03 OMB-01 PA-01 PRS-01 ITC-01 OIC-02 SIL-01

CEA-01 /108 W

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R 231132Z MAR 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3505

INFO AMEMBASSY COLOMBO

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

USMISSION GENEVA

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LIMITED OFFICIAL USE SECTION 1 OF 2 ROME 4738

FODAG

E.O. 11652: N/A

TAGS: FAO, OCON

SUBJECT: FAO INTERGOVERNMENTAL GROUP ON HARD FIBERS MEETING,
NEW DELHI, MARCH 14-19, 1977

1. FAO INTERGOVERNMENTAL GROUP ON HARD FIBERS (IGHF) MET
IN NEW DELHI AT THE INVITATION OF THE INDIAN GOVERNMENT
FROM MARCH 14-19, 1977. THIS 12TH SESSION OF IGHF WENT
SMOOTHLY UNDER CHAIRMANSHIP OF MR. PURI OF INDIA.

2. WITH FIRMER PRICES AND LESS COMPETITION FROM SYNTHETICS,
BASIC TONE OF DISCUSSIONS OF SISAL, HENEQUEN, COIR, AND
ABACA WERE MUCH MORE POSTIVE. THIS ALSO REDUCED DEMANDS
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PAGE 02 ROME 04738 01 OF 02 231300Z

FOR PRICE SETTING, AND THE MEETING COULD ONLY AGREE ON AN
INDICATIVE PRICE FOR SISAL FIBER AT \$450-550 PER TON AND
CONTINUE GLOBAL QUOTA AT 504,000 TONE. EC AND ITS MEMBER
STATES WERE INSISTENT IN EFFORTS TO SET PRICE DIF-
FERENTIAL BETWEEN SISAL FIBER AND SISAL TWINE, BUT
BRAZIL WOULD NOT AGREE AND TURNED ATTACKS OFF BY
INSISTING ON SIMILAR PRICE DIFFERENTIALS WITH

SYNTHETICS. EC PUT BRAZIL AND MEXICO ON WARNING OF THE PENDING DUMPING ACTION AGAINST THEIR SALES OF NATURAL TWINE. FINALLY, GROUP AGREED TO DISAGREE ON NEED FOR INDICATIVE PRICE FOR SISAL TINE, DIFFERENTIAL IN PRICE BETWEEN SISAL FIBER AND TWINE, AND SISAL PRODUCERS DEMAND FOR INDICATIVE PRICE FOR SYNTHETIC TWINE AND PRODUCTION QUOTAS.

3. NEW ELEMENTS, BOTH RELATING TO FUTURE WORK ON HARD FIBERS, WERE INDIAN REQUEST FOR CREATION OF A "COIR INTERNATIONAL" AND FAO ANNOUNCEMENT OF TECHNICAL IMPROVEMENT PROGRAM FOR HARD FIBERS. A FULL DELEGATION REPORT FOLLOWS BY AIRGRAM WHILE REMAINDER OF THIS MESSAGE COVERS UNCTAD MATTERS AND ABOVE TWO INITIATIVES.

4. INDIA EARLY PROPOSED THAT A NEW BODY, COIR INTERNATIONAL, BE SET UP TO COORDINATE THE ACTIVITIES OF THE VARIOUS INTERNATIONAL AGENCIES TOWARDS PROMOTING AND MAXIMIZING COIR CONSUMPTION, IMPROVEMENT IN PRODUCTION AND PROCESSING, AND ASSURING REGULAR SUPPLIES AT EQUITABLE PRICES. INDIA PROPOSED COIR INTERNATIONAL WOULD CONSIST OF REPRESENTATIVES OF INTERESTED COUNTRIES WITH SMALL RESEARCH AND MARKETING CENTERS LOCATED IN DIFFERENT COUNTRIES. COSTS WOULD BE MET BY CONTRIBUTIONS FROM MEMBER COUNTRIES, NATIONAL ORGANIZATIONS, AND OTHER DONORS. THE INDIAN PROPOSAL IS SIMILAR TO THE STILLBORN JUTE INTERNATIONAL.

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PAGE 03 ROME 04738 01 OF 02 231300Z

5. THE IGHF GREETED THE INDIAN PROPOSAL FOR COIR INTERNATIONAL WITH CAUTIOUS INTEREST AND AGREED TO SET UP AN AD HOC WORKING PARTY WITH THE TASK OF EXAMINING THE POSSIBILITIES OF ESTABLISHING SUCH AN ORGANIZATION. THE UNITED STATES WAS SELECTED FOR MEMBERSHIP ON THE AD HOC WORKING PARTY WHICH SHOULD MEET ON THE BASES OF PAPERS ON THE PROPOSAL PREPARED BY THE FAO, UNDP AND UNCTAD/GATT INTERNATIONAL TRADE CENTER DURING THE NEXT SESSION OF THE IGHF WHICH WILL BE HELD IN ROME IN JANUARY OR FEBRUARY 1978.

6. THE UNCTAD REPRESENTATIVE MADE, THE NOW USUAL, REPORT ON THE STATUS OF NEGOTIATIONS ON THE UNCTAD INTEGRATED COMMODITY PROGRAM WHICH INCLUDES HARD FIBERS AS ONE OF THE CORE COMMODITIES. THE CLOSE COOPERATION OF THE FAO AND UNCTAD WAS NOTED AND ALL DELEGATIONS WHO SPOKE EXPRESSED THE NEED FOR CONTINUED USE OF THE FAO IN UNCTAD'S WORK ON HARD FIBERS. THERE WAS NO GENERAL DISCUSSION OF THE WORK OF THE UNCTAD HARD FIBERS PREP-

ARATORY MEETING DURING THE SESSIONS. INFORMALLY A
NUMBER OF DELEGATES RAISED UNCTAD AND HARD FIBERS WITH
THE GENERAL FEELING THAT LITTLE PROGRESS CAN BE EXPECTED
TOWARDS A COMMODITY AGREEMENT. THIS BELIEF IS REIN-
FORCED BY THE FACT THAT NEITHER UNCTAD NOR THE FAO ARE
PREPARING NEW MATERIALS FOR THE EXPERT MEETING NOW
SCHEDULED FOR JULY 18-22 IN GENEVA.

7. THE FAO INFORMED THE GROUP THAT THE FAO HAD DECIDED
TO EMBARK ON A MAJOR EFFORT TO FORMULATE A TECHNICAL
IMPROVEMENT PROGRAM FOR HARD FIBERS, INCLUDING AN
ASSESSMENT OF FINANCIAL REQUIREMENTS, FOR SUBMISSION
TO THE UNCTAD PREPARATORY MEETINGS ON HARD FIBERS,
MEETING IN GENEVA SEPTEMBER 26-30, 1977. THIS PROGRAM
AIMED AT MAKING PRACTICAL PROPOSALS TO MEET THE OBJECTIVES ((A) (IV) AND (V) OF THE DECISION DEALING WITH
THE NEED TO IMPROVE THE COMPETITIVEMESS OF HARD FIBERS
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PAGE 04 ROME 04738 01 OF 02 231300Z

AND PRODUCTS THROUGH COST REDUCTION MEASURES AND THE
NEED TO LAUNCH AND CONTINUE A COMPREHENSIVE AND PUR-
POSEFUL RESEARCH PROGRAM. IT WAS ENVISAGED THAT THIS
PROGRAM COVERING SISAL AND HENEQUEN, COIR AND ABACA
WOULD BE DEVELOPED IN FOUR PARTS. THE FOUR COMPONENTS
OF THE PROGRAM WOULD BE, INTER ALIA, CONCERNED WITH:

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PAGE 01 ROME 04738 02 OF 02 231258Z
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LIMITED OFFICIAL USE SECTION 2 OF 2 ROME 4738

FODAG

(A) THE SHORT-TERM IMPROVEMENT POTENTIAL BOTH TECHNICAL AND ECONOMIC FOR THE CULTIVATION, HARVESTING AND PRIMARY PROCESSING OF SISAL AND HENEQUEN.

(B) THE LONGER-TERM IMPROVEMENT POSSIBILITIES FOR SISAL AND HENEQUEN THROUGH BREEDING OF NEW VARIETIES AND IMPROVEMENT OF DISEASE RESISTANCE, REPRODUCTION CYCLES OF LEAVES AND PLANTS, FIBER QUALITY, NEW SPINNING TECHNIQUES, NEW USES FOR WHOLE PLANT AND PLANT TISSUE.

(C) THE IMPROVEMENT POTENTIAL FOR COIR TECHNOLOGY, BOTH SHORT AND LONG TERM. IT WOULD ALSO LOOK INTO LIMITED OFFICIAL USE

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PAGE 02 ROME 04738 02 OF 02 231258Z

THE POSSIBILITIES FOR RESEARCH INTO NEW END USES AND EFFECTIVE PROMOTION OF COIR.

(D) THE IMPROVEMENT POTENTIAL FOR THE CULTIVATION AND PROCESSING OF ABACA.

CONSIDERABLE RESOURCES FROM REGULAR FAO PROGRAM FUNDS HAVE BEEN ALLOCATED FOR THE PROJECT AND IT IS INTENDED TO UNDERTAKE THE WORK WITH THE HELP OF SPECIALIZED NATIONAL INSTITUTIONS AND INDIVIDUAL SPECIALISTS IN THE VARIOUS FIELDS COVERED BY THE PROJECT. THE GROUP WARMLY WELCOMED THIS INITIATIVE OF FAO.

8. WITH THE MARKET IMPROVING AND SEEMINGLY REASONABLY STABLE, THE RUSH FOR THE UNCTAD INTEGRATED COMMODITY PROGRAM WAS ONLY PRESSED BY TANZANIA. FROM TOTAL DESPAIR OVER THE LOSS OF MARKETS TO SYNTHETICS, PRODUCER COUNTRIES HAVE COME TO REALIZE THAT WITH STABLE PRICES AT TODAY'S LEVELS OR A LITTLE HIGHER, THERE IS A VIABLE HARD FIBER INDUSTRY. THEY ALSO REALIZE THAT THE DEVELOPED COUNTRIES ARE NOT GOING TO LIMIT THE COMPETITION FROM SYNTHETICS, SO THE ROOM FOR GROWTH IS TO

CUT COSTS OF PRODUCTION AND DEVELOPE NEW MARKETS. BOTH THE FAO AND THE INDIAN INITIATIVES OFFER INTERNATIONAL ASSISTANCE IN THESE AREAS. THEY SHOULD BE STRESSED IN THE UNCTAD FORUM AS DISTINCT FROM A RESTRICTIVE BUFFER STOCK AGREEMENT.

9. THE INDIAN PROPOSAL FOR COIR INTERNATIONAL IS SOMEWHAT OF A SURPRISE CONSIDERING THEIR ROLE IN FOILING THE ESTABLISHMENT OF A SIMILAR ORGANIZATION FOR JUTE. IT IS FURTHER SUPRISING BECAUSE THE UNDP IS HOLDING IN ABEYANCE AN \$8 MILLION PROJECT FOR INTERNATIONAL RESEARCH CENTERS FOR COIR. THE UNDP'S DECISION TO HELD UP THE PROJECT WAS PARTLY DUE TO LACK OF JUNDs BUT ALSO BECAUSE OF THE EXPENSE AND LIMITED OFFICIAL USE

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PAGE 03 ROME 04738 02 OF 02 231258Z

COMPLEXITY OF LOCATING RESEARCH STATIONS IN EVERY COIR PRODUCING COUNTRY. FINALLY THE INDIAN PROPOSAL EM-BARRASSED THE REPRESENTATIVE FROM THE GATT/UNCTAD INTERNATION TRADE CENTER (ITC) WHO CAME TO THE MEETING TO EXPLAIN HOW FAR ALONG THE ITC WAS IN A COIR MARKETING AND PROMOTION CENTER TO BE LOCATED IN EUROPE WITH A STAFF OF THREE AND ANNUAL BUDGET OF ABOUT \$280,000. AFTER THIS MEETING THE ITC REPRESENTATIVE IS GOING TO SRI LANKA TO GAIN SUPPORT BEFORE HITTING A EUROPEAN COUNTRY, PROBABLY THE NETHERLANDS, FOR FINANCIAL SUP-PORT FOR THE INITIAL THREE YEAR. THE ITC IS GOING TO TRY TO PUSH AHEAD WITH THEIR PROJECT, BUT IT MAY WELL BE DELAYED BY DISCUSSIONS ON COIR INTERNATIONAL. GARDNER

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